

IRON COUNTY, UTAH
FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2005

IRON COUNTY, UTAH

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FINANCIAL SECTION

Wilson & Company

Certified Public Accountants / A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of
County Commissioners
Iron County
Parowan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of and for the year ended December 31, 2005 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2007, on our consideration of Iron County, Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents and budgetary comparison information on page 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iron County, Utah's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Iron County, Utah. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


WILSON & COMPANY
Certified Public Accountants

January 3, 2007
Cedar City, Utah

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Iron County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2005. Please read this discussion and analysis in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- * The County's total net assets at the close of the fiscal year totaled \$18,834,625. This amount is comprised of \$13,775,580 in capital assets net of related debt and \$5,059,045 in other net assets.
- * General Fund revenues exceeded expenditures by \$1,360,519 after all transfers between funds.
- * The General Fund's ending fund balance of \$6,246,488 represents 52% of the total budgeted expenditures for the fiscal year ending December 31, 2005.
- * Total net assets for the County's business-type activities increased by \$616,111.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's annual financial report includes: 1) this discussion and analysis, which serves as an introduction to the County's basic financial statements; 2) the basic financial statements comprised of the government-wide financial statements, fund financial statements and notes to the financial statements; and 3) other supplementary information.

Government-wide financial statements. The government-wide financial statements include a statement of net assets and a statement of activities that provide a County-wide perspective of the County's overall financial status. These statements are prepared using accrual accounting methods similar to those used in preparing the financial statements of private-sector businesses.

- * The *statement of net assets* presents information on all of the County's assets and liabilities. The difference between assets and liabilities represents the County's net assets. Increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the County is improving or deteriorating, respectively.
- * The *statement of activities* presents information reflecting how the County's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs irrespective of the timing of the related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements can be found on pages 11-13 of this report.

Fund financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This segregation is also used to ensure and demonstrate compliance with finance-related legal requirements. The County utilizes three types of funds: governmental funds, proprietary funds and fiduciary funds.

- * *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these statements are prepared using modified accrual accounting methods which measure cash and other financial assets readily convertible to cash and their balances available for use at year-end. As a result, these statements provide a short-term perspective of the County's general government operations and the basic services provided and may assist in determining the availability of financial resources that could be used in the near future to finance the County's programs.
- * Reconciliation between the long-term perspective of the government-wide financial statements and the short-term perspective of the fund financial statements is provided on page 15 of this report.
- * The County has identified three of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on page 51-57 of this report.
- * *Proprietary funds* account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The County uses enterprise funds, one type of proprietary fund, to account for its six business-type activities.
- * *Fiduciary funds* account for resources held by the County for the benefit of other governmental entities within the County. The County has a fiduciary responsibility to ensure that these resources are used for their intended beneficiaries and purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds cannot be used to finance County programs. The County's fiduciary responsibilities are reported separately in a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 14-21 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information essential to understanding the government-wide and fund financial statements.

The notes to the financial statements are on pages 22-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the County is improving or deteriorating, respectively. The County's total net assets, assets in excess of liabilities, totaled \$18,834,625.

IRON COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Prior</u>	<u>Current</u>	<u>Prior</u>
Current and other assets	\$ 11,477,416	\$ 8,233,315	\$ 2,390,808	\$ 1,917,705
Capital assets	21,265,236	21,164,857	3,502,253	3,276,161
Total assets	<u>\$ 32,742,652</u>	<u>\$ 29,398,172</u>	<u>\$ 5,893,061</u>	<u>\$ 5,193,866</u>
Long-term debt outstanding	\$ 10,978,351	\$ 12,761,247	\$ 1,805,381	\$ 1,801,213
Other Liabilities	5,516,109	2,463,418	1,501,246	1,422,330
Total Liabilities	<u>\$ 16,494,460</u>	<u>\$ 15,224,665</u>	<u>\$ 3,306,628</u>	<u>\$ 3,223,543</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 10,286,885	\$ 9,052,106	\$ 3,488,694	\$ 3,276,161
Restricted	500,371	494,009		
Unrestricted	5,460,935	4,627,392	(902,261)	(1,305,838)
Total net assets	<u>\$ 16,248,191</u>	<u>\$ 14,173,507</u>	<u>\$ 2,586,433</u>	<u>\$ 1,970,323</u>

CHANGES IN IRON COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Prior</u>	<u>Current</u>	<u>Prior</u>
Revenues:				
Charges for services	\$ 7,329,258	\$ 6,534,126	\$ 3,033,324	\$ 2,924,668
Operating grants and contributions	4,071,058	3,794,543	19,867	19,783
Capital grants and contributions	693,109	298,200		
General revenues:				
Property taxes	4,917,637	4,223,841		
Other taxes	2,837,138	2,447,216		
Earnings on investments	159,957	80,662	12,466	7,712
Other revenue	219,833	195,505		
Total revenues	<u>20,227,990</u>	<u>17,574,093</u>	<u>3,065,657</u>	<u>2,952,163</u>
Expenses:				
General Government	3,879,935	5,038,622		
Public Safety	7,299,179	7,485,066		
Public Health	843,665	452,970		
Highways & Public Improvements	2,454,994	2,128,315		
Parks & Recreation	245,945	261,358		
Community & Economic Development	648,926	614,800		
Transfers & Other Uses				
Other Miscellaneous	421,046	312,727		
Sewer System			24,064	58,328
Solid Waste Landfill			910,819	920,288
Solid Waste Collection			241,988	164,846
Ambulance Service			1,255,096	1,110,942

Group Insurance			2,072,977	1,711,615
Fleet/Equipment Lease			304,219	199,767
Total expenses	<u>15,793,690</u>	<u>16,293,858</u>	<u>4,809,163</u>	<u>4,165,786</u>
Increase in net assets before transfers	4,434,300	1,280,235	(1,743,505)	(1,213,623)
Transfers (net)	(2,359,616)	(391,396)	2,359,616	391,396
Rounding		2		
Increase in net assets	<u>\$ 2,074,684</u>	<u>\$ 888,841</u>	<u>\$ 616,111</u>	<u>\$ (822,227)</u>

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

As was previously noted, the County's governmental funds provide a short-term perspective of the County's general government operations and the financial resources available in the near future to finance the County's programs. Differences between available financial resources and the short-term obligations of general government operations are reported as fund balances. Fund balances are designated as either reserved or unreserved. Reserved fund balances indicate amounts of the fund balance set aside for specific purposes or to meet specific requirements.

As of December 31, 2005, the County's governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$7,297,774 . This combined balance represents an increase of \$1,140,865.

The general fund is the main operating fund of the County. All governmental-type activities not accounted for in a special revenue fund, debt service fund, enterprise fund or capital project fund are accounted for in the general fund. Accounting for activities in funds other than the general fund may be required by state regulations or local ordinances; or, the County may simply desire to isolate the revenues and expenditures associated with a particular activity for matching purposes.

The general fund balance increased \$1,360,519 to \$6,246,488 during the fiscal year ending December 31, 2005. The \$6,246,488 fund balance represents approximately 52 % percent of budgeted expenditures for the fiscal year ending December 31, 2006.

As was previously noted, the County maintains four enterprise funds and two internal service funds reported as enterprise funds to account for its business-type activities. The separate enterprise fund statement's provide the same information, with more detail, as the information provided for business-type activities in the government-wide financial statements.

BUDGETARY HIGHLIGHTS

The original 2005 adopted budget for the General Fund totaled \$14,566,774. The County Commission amended the original budget in December, 2005, revising the total to \$15,566,774, an increase of \$1,000,000. The increase is spread out fairly evenly in several other county departments.

The Ambulance Service Funds unrestricted net assets continues to be in a deficit position. At the end of 2005, cash in bank was (\$919,748) with accounts receivable booked at \$472,954. However, total fund equity is \$667,202, due to the large amount of capital assets being accounted for in the fund. The commissioners will be reviewing various plans to bring the fund into compliance.

The County Group Self-Insurance Fund ended the year in a deficit position at (\$367,701). The group insurance committee and the county commissioners have met and continue to review options available to bring the fund into compliance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2005, the County had invested \$24,767,489, net of accumulated depreciation in capital assets, for its governmental and business-type activities.

IRON COUNTY'S CAPITAL ASSETS (net of depreciation)

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Land	\$ 6,294,863	\$ 163,429	\$ 6,458,292
Buildings	7,492,516	780,580	8,273,096
Improvements	6,290,373	103,193	6,393,566
Office equipment	63,644		63,644
Machinery & equipment	793,532	1,149,013	1,942,545
Automobiles & trucks	330,308	1,306,038	1,636,346
Total	\$ 21,265,236	\$ 3,502,253	\$ 24,767,489

Iron County's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$ 21,265,236 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which

includes roads, highways and bridges. The total net increase in Iron County's investment in capital assets for the current year was \$ 326,471.

* The Fleet/Equipment Lease Fund purchased equipment/vehicles in 2005 for the following departments:

Sheriff	249,203
Building Inspector	22,427
Road Dept	278,118

Additional information regarding the County's capital assets can be found in the footnotes to the financial statement.

LONG-TERM DEBT

At December 31, 2005, the County had total debt outstanding of \$10,978,351.

IRON COUNTY'S OUTSTANDING DEBT 2005

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Municipal Building Authority:		
Lease Revenue Bonds	\$ 6,091,750	
Sales Tax Revenue Bonds	2,939,000	
Special Improvement Districts:		
Assessment Bonds	1,947,601	
Total	\$ 10,978,351	

During the fiscal year, the County issued the following bonds totaling \$231,000 :

\$231,000 in Lease Revenue Bonds.

ECONOMIC FACTORS

- * The taxable value of property in Iron County increased 15.7% from a total of \$2,424,879,549 in 2004 to a total of \$2,805,117,171 in 2005, an increase of \$380,237,622 (source: Iron County State and Locally Assessed District Totals Report/Report of County Auditor to the State Tax Commission). While a portion of the added value can be attributed to reappraisal work by the Iron County Assessor, approximately 41% of the increase is due to new growth in the county.
- * Residential building permits were up 59% from 2004. Job growth in Iron county was 3.7% and the unemployment rate was 3.2% at year end.
- * Iron County's property tax rate decreased from the 2005 levy of .001962 to the 2006 rate of .001543. The decrease is attributed to the increase in market value.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide users with a general overview of the County's financial position and demonstrate accountability for the sources and uses of County funding. Questions concerning information contained in this report or requests for additional financial information should be addressed to the Iron County Auditor, Iron County Courthouse, P.O. Box 457, 68 South 100 East, Parowan, Utah, 84761-0457.

BASIC FINANCIAL STATEMENTS

IRON COUNTY, UTAH

Statement of Net Assets

December 31, 2005

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Primary Government Total</u>	<u>Component Units</u>
Assets:				
Current assets:				
Cash & cash equivalents	\$ 4,102,846	\$ 1,731,196	\$ 5,834,042	\$ 263,559
Accounts receivable		659,613	659,613	101,226
Property tax receivable	4,096,491		4,096,491	
Other receivables	2,960,335		2,960,335	
Due from other funds	317,744		317,744	
Capital assets, net of accumulated depreciation	21,265,236	3,502,253	24,767,489	250,196
Total assets	<u>32,742,652</u>	<u>5,893,061</u>	<u>38,635,713</u>	<u>614,981</u>
Liabilities and Net Assets				
Liabilities :				
Cash with negative balances	1,017,365	969,706	1,987,071	
Accounts payable	1,438,858	167,356	1,606,214	
Accrued interest payable	168,268		168,268	
Due to other funds	-	317,744	317,744	
Compensated absences payable	433,885	46,440	480,325	
Estimated closure & post closure costs		1,791,823	1,791,823	
Other payable - long term	734,314		734,314	
Deferred revenue	1,723,419		1,723,419	
Capital leases payable within one year		13,558	13,558	
Bonds payable				
Portion due within one year	722,228		722,228	2,955
Portion due after one year	10,256,123		10,256,123	16,939
Total liabilities	<u>16,494,460</u>	<u>3,306,628</u>	<u>19,801,088</u>	<u>19,894</u>
Net Assets:				
Invested in capital assets, net of related debt	10,286,885	3,488,695	13,775,580	
Restricted for:				
Debt service	500,371	-	500,371	
Other purposes		-	-	
Unrestricted	5,460,935	(902,261)	4,558,674	595,087
Total net assets	<u>\$ 16,248,191</u>	<u>\$ 2,586,433</u>	<u>\$ 18,834,625</u>	<u>\$ 595,087</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Activities
Year Ended December 31, 2005

Functions	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,879,935	\$ 3,811,792	\$ 2,039,802	\$ -	\$ 1,971,659
Public safety	7,299,179	3,341,143	196,449	20,000	(3,741,587)
Public health	843,665	7,015	456,939	-	(379,711)
Highways & public improvements	2,454,994	-	1,377,868	673,109	(404,017)
Parks & recreation	245,945	93,629			(152,316)
Community & economic development	648,926	75,679			(573,247)
Interest and fiscal charges	421,046				(421,046)
Total governmental activities	15,793,690	7,329,258	4,071,058	693,109	(3,700,265)
Business-type activities:					
Solid waste landfill	910,819	1,441,915			531,097
Ambulance service fund	1,255,096	1,244,911	19,867		9,682
Group insurance	2,072,977	803			(2,072,174)
Sewer service fund	24,064	76,283			52,219
Solid waste collection	241,988	269,412			27,424
Equipment leasing fund	304,219	-			(304,219)
Total business-type activities	4,809,162	3,033,324	19,867	-	(1,755,972)
Total primary government	\$ 20,602,852	\$ 10,362,582	\$ 4,090,925	\$ 693,109	\$ (5,456,236)
Component units:					
Mountain View SSD	\$ 41,126	\$ 25,510	\$ -	\$ -	\$ (15,616)
Summit SSD	31,111	21,250			(9,861)
Iron County SSD#3	100	92,997			92,897
Total business-type activities	\$ 72,337	\$ 139,757	\$ -	\$ -	\$ 67,420

(Continued on page 13)

IRON COUNTY, UTAH
Statement of Activities
Year Ended December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue from previous page	\$ (3,700,265)	\$ (1,755,972)	\$ (5,456,236)	\$ 67,420
General revenues:				
Taxes:				
Property taxes, levied for general purposes	4,917,637		4,917,637	
Fees-in-lieu of taxes	418,841		418,841	
General sales and use taxes	2,418,297		2,418,297	
Earnings on investments	159,957	12,466	172,423	1461
Miscellaneous	219,833		219,833	
Operating transfers in (out)	(2,359,616)	2,359,616	-	
Total general revenues and transfers	5,774,949	2,372,082	8,147,031	1,461
Increase (decrease) in net assets	2,074,684	616,111	2,690,795	68,881
Net assets - beginning	14,173,507	1,970,323	16,143,830	526,206
Net assets - ending	<u>\$16,248,191</u>	<u>\$ 2,586,433</u>	<u>\$18,834,625</u>	<u>\$ 595,087</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

IRON COUNTY, UTAH

Balance Sheet

Governmental Funds

December 31, 2005

	General	Municipal Services	Class B & Collector Road	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash & cash equivalents	\$ 3,143,801	\$ 313,377	\$ 171,927	\$ 473,741	\$ 4,102,846
Due from other funds	317,744				317,744
Taxes Receivable	4,096,491				4,096,491
Other receivables	975,699	66,436	9,544	1,908,656	2,960,335
Total assets	<u>\$ 8,533,735</u>	<u>\$ 379,813</u>	<u>\$ 181,471</u>	<u>\$ 2,382,396</u>	<u>\$ 11,477,416</u>
Liabilities:					
Cash with negative balances	\$ 971,851	\$ -	\$ -	\$ 45,514	\$ 1,017,365
Accounts payable	1,315,396	7,917	92,031	23,513	1,438,858
Deferred revenue	-			1,723,419	1,723,419
Total liabilities	<u>2,287,247</u>	<u>7,917</u>	<u>92,031</u>	<u>1,792,446</u>	<u>4,179,642</u>
Fund balances:					
Reserved	500,371			470,050	970,421
Unreserved, undesignated	5,746,117	371,896	89,440	119,900	6,327,353
Total fund balances	<u>6,246,488</u>	<u>371,896</u>	<u>89,440</u>	<u>589,950</u>	<u>7,297,774</u>
Total liabilities and fund balances	<u>\$ 8,533,735</u>	<u>\$ 379,813</u>	<u>\$ 181,471</u>	<u>\$ 2,382,396</u>	<u>\$ 11,477,416</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 7,297,774
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$56,226,789 and the accumulated depreciation is \$34,961,553.	21,265,236
Long-term Obligations	(12,314,819)
Total net assets - governmental activities	<u>\$ 16,248,191</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2005

	General	Municipal Services	Class B & Collector Road	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 7,340,572	\$ 582,238	\$ -	\$ -	\$ 7,922,810
Interest earnings	93,845	254	2,978	61,577	158,654
Licenses and permits	140,236	530,561	-	-	670,796
Intergovernmental revenues	4,645,279	216,449	1,377,103	-	6,238,831
Charges for services	1,691,681	56,461	-	73,469	1,821,611
Fines and forfeitures	1,393,789	-	-	-	1,393,789
Miscellaneous	881,043	64,671	33,110	369,567	1,348,392
Total Revenues	16,186,445	1,450,634	1,413,192	504,612	19,554,883
EXPENDITURES:					
General government	5,964,932	87,141	-	1,337	6,053,410
Public safety	4,212,160	3,306,205	-	-	7,518,366
Public health	827,480	-	-	-	827,480
Highways & public improvements	-	-	2,309,126	-	2,309,126
Parks & recreation	145,194	79,704	-	-	224,898
Capital outlay	-	-	-	-	-
Community & economic development	481,729	-	-	345,573	827,302
Debt service	-	-	-	-	-
Total Expenditures	11,631,495	3,473,050	2,309,126	953,774	18,714,356
Excess of Revenues over (under) Expenditures	<u>4,554,950</u>	<u>(2,022,417)</u>	<u>(895,934)</u>	<u>(796,072)</u>	<u>840,528</u>
OTHER FINANCING SOURCES (USES):					
Debt proceeds	-	-	-	231,000	231,000
Operating transfers in	307,724	2,236,350	610,287	417,132	3,571,493
Operating transfers out	(3,502,155)	-	-	-	(3,502,155)
Total Other Financing Sources (Uses)	(3,194,431)	2,236,350	610,287	648,132	300,338
Excess of revenues and other sources over (under) expenditures and other uses	<u>1,360,519</u>	<u>213,933</u>	<u>(285,647)</u>	<u>(147,940)</u>	<u>1,140,865</u>
FUND BALANCES JANUARY 1	4,885,969	157,962	375,087	737,890	6,156,909
FUND BALANCES DECEMBER 31	\$ 6,246,488	\$ 371,896	\$ 89,440	\$ 589,950	\$ 7,297,774

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds **\$ 1,140,865**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	345,573	
Depreciation expense	<u>(918,303)</u>	
		(572,730)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond proceeds	(231,000)	
Repayment of bond principal	<u>700,996</u>	
		469,996
Contributions from developers		673,109
Accrued interest on long-term debt		(168,270)
Net increase in compensated absences payable		(46,873)
Long-term inter-local agreements payable		<u>578,586</u>
Change in net assets of governmental activities		<u>\$ 2,074,684</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Net Assets
Major Proprietary Funds
December 31, 2005

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Equipment Leasing Fund	Non-major Proprietary Funds	Total
Assets						
Current assets:						
Cash & cash equivalents	\$ 1,413,051	\$ -	\$ -	\$ 72,646	\$ 245,498	\$ 1,731,196
Accounts receivable (net of allowance)	125,691	472,954			60,968	659,613
Total current assets	1,538,741	472,954		72,646	306,466	2,390,809
Long-term assets:						
Capital assets, net of accumulated depreciation	940,165	1,140,813		1,194,555	226,721	3,502,253
Total long-term assets	940,165	1,140,813		1,194,555	226,721	3,502,253
Total assets	2,478,906	1,613,767	-	1,267,201	533,187	5,893,061
Liabilities and Net Assets						
Liabilities:						
Current liabilities:						
Negative cash balance	-	919,748	49,957			969,706
Accounts payable	167,120	236				167,356
Due to other funds			317,744			317,744
Compensated absences payable	29,742	13,023			3,675	46,440
Capital leases payable within one year		13,558				13,558
Total current liabilities	196,862	946,565	367,701	-	3,675	1,514,804
Non-current liabilities						
Estimated closure & post closure costs	1,791,823					1,791,823
Total non-current liabilities	1,791,823	-	-	-	-	1,791,823
Total liabilities	1,988,686	946,565	367,701	-	3,675	3,306,628
Net assets:						
Invested in capital assets, net of related debt	940,165	1,127,255		1,194,555	226,721	3,488,695
Restricted for:						
Debt service						
Other purposes						
Unrestricted	(449,944)	(460,053)	(367,701)	72,646	302,791	(902,261)
Total net assets	\$ 490,220	\$ 667,202	\$ (367,701)	\$ 1,267,201	\$ 529,512	\$ 2,586,433

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Revenues, Expenses and Changes in Net Assets
Major Proprietary Funds
Year Ended December 31, 2005

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Equipment Leasing Fund	Non-major Proprietary Funds	Total
Operating revenues:						
Charges for services	\$ 1,441,915	\$ 1,203,188	\$ -	\$ -	\$ 291,679	\$ 2,936,782
Connection fees					54,017	54,017
Miscellaneous		41,722	803			42,525
Total operating revenues	<u>1,441,915</u>	<u>1,244,911</u>	<u>803</u>	<u>-</u>	<u>345,695</u>	<u>3,033,324</u>
Operating expenses:						
Salaries & wages	476,480	848,793			159,809	1,485,082
Materials & supplies	32,780	99,291			28,799	160,870
Contract services	35,629	42,371				78,001
Closure & post closure costs						
Other current expense		27,994				27,994
Auto expenses	201,927	81,105			38,329	321,361
Insurance Expenses		6,576	2,072,977			2,079,553
Travel	1,282	33,186				34,468
Utilities	12,386	26,965			334	39,684
Depreciation	146,486	88,814		304,219	38,781	578,300
Total operating expenses	<u>906,968</u>	<u>1,255,096</u>	<u>2,072,977</u>	<u>304,219</u>	<u>266,052</u>	<u>4,805,312</u>
Operating income (loss)	534,947	(10,185)	(2,072,174)	(304,219)	79,643	(1,771,988)
Nonoperating income (expense):						
Interest earnings	7,133	747	2,003	12	2,571	12,466
Grant revenue		19,867				19,867
Interest & fiscal charges	(3,850)					(3,850)
Total nonoperating income	<u>3,282</u>	<u>20,614</u>	<u>2,003</u>	<u>12</u>	<u>2,571</u>	<u>28,483</u>
Net income (loss) before transfers	538,229	10,429	(2,070,172)	(304,206)	82,214	(1,743,506)
Transfer In		5,265	2,020,214	385,636		2,411,115
Transfer Out	(51,499)	-				(51,499)
Change in net assets	486,730	15,694	(49,957)	81,430	82,214	616,111
Net assets - beginning	<u>3,490</u>	<u>651,508</u>	<u>(317,744)</u>	<u>1,185,771</u>	<u>447,298</u>	<u>1,970,323</u>
Net assets - ending	<u>\$ 490,220</u>	<u>\$ 667,202</u>	<u>\$ (367,701)</u>	<u>\$ 1,267,201</u>	<u>\$ 529,512</u>	<u>\$ 2,586,433</u>

IRON COUNTY, UTAH
Statement of Cash Flows
Major Proprietary Funds
Year Ended December 31, 2005

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Equipment Leasing Fund	Non-major Proprietary Funds	Total
Cash flows from operating activities:						
Cash received from customers	\$ 1,510,819	\$ 1,165,397	\$ -	\$ -	\$ 343,551	\$ 3,019,766
Cash payments to suppliers for goods and services	(386,631)	(317,939)	(2,073,086)		(67,462)	(2,845,118)
Cash payments to employees for services	(476,480)	(848,793)	-		(159,809)	(1,485,082)
Net cash provided (used) by operating activities	<u>647,708</u>	<u>(1,335)</u>	<u>(2,073,086)</u>	<u>-</u>	<u>116,280</u>	<u>(1,310,434)</u>
Cash flows from noncapital financing activities:						
Operating transfers (to) from other funds	(51,499)	5,265	2,020,214	385,636	-	2,359,616
Net cash (used) by noncapital financing activities	<u>(51,499)</u>	<u>5,265</u>	<u>2,020,214</u>	<u>385,636</u>	<u>-</u>	<u>2,359,616</u>
Cash flows from capital and related financing activities:						
Cash received from grants					-	-
Other receipts (payments)		19,867	803			20,670
Acquisition of capital assets	(51,273)	(160,861)		(549,748)	(42,510)	(804,392)
Cash received from others for capital related activities						-
Interest paid on capital debt	(3,850)	(5,442)			-	(9,292)
Principal paid on due to other funds	-		-		-	-
Net cash (used) by capital and related activities	<u>(55,123)</u>	<u>(146,436)</u>	<u>803</u>	<u>(549,748)</u>	<u>(42,510)</u>	<u>(793,014)</u>
Cash flows from investing activities						
Interest received	7,133	747	2,003	12	2,572	12,467
Net cash (used) by investing activities	<u>7,133</u>	<u>747</u>	<u>2,003</u>	<u>12</u>	<u>2,572</u>	<u>12,467</u>
Net increase in cash and cash equivalents	<u>548,219</u>	<u>(141,759)</u>	<u>(50,066)</u>	<u>(164,100)</u>	<u>76,342</u>	<u>268,635</u>
Cash and Cash Equivalents - Beginning	<u>864,832</u>	<u>(777,989)</u>	<u>109</u>	<u>236,746</u>	<u>169,156</u>	<u>492,855</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,413,051</u>	<u>\$ (919,748)</u>	<u>\$ (49,957)</u>	<u>\$ 72,646</u>	<u>\$ 245,498</u>	<u>\$ 761,490</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 534,947	\$ (10,185)	\$ (2,072,174)	\$ (304,219)	\$ 79,643	\$ (1,771,988)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	146,486	88,814	-	304,219	38,781	578,300
Increase decrease accounts receivable	68,904	(79,513)	(912)		(2,144)	(13,665)
Increase decrease in accounts payable	(102,629)	(451)			-	(103,080)
Increase decrease in compensated absences					-	-
Total adjustments	<u>112,761</u>	<u>8,850</u>	<u>(912)</u>	<u>304,219</u>	<u>36,637</u>	<u>461,555</u>
Net cash provided (used) by operating activities	<u>\$ 647,708</u>	<u>\$ (1,335)</u>	<u>\$ (2,073,086)</u>	<u>\$ -</u>	<u>\$ 116,280</u>	<u>\$ (1,310,434)</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Fiduciary Net Assets
Agency Funds
December 31, 2005

	<u>Total</u>
Assets	
Cash & cash equivalents	\$ 24,137,588
Taxes receivable	316,144
Total assets	<u>\$ 24,453,732</u>
Liabilities	
Due to taxing units	\$ 24,453,732
Total liabilities	<u>\$ 24,453,732</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Iron County, Utah have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and account groups and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2005.

A. Reporting Entity

For financial reporting purposes, Iron County, Utah has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Iron County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Iron County is not a component unit of any other government.

Discretely Presented Component Units:

Mountain View Special Service District

The Mountain View Special Service District has a separately appointed board and provides services to residents within the geographic boundaries of the government. The District provides water utility services to some residents within the unincorporated areas of the County. No separate audit report is issued.

Summit Special Service District

The Summit Special Service District has a separately appointed board and provides services within the geographic boundaries of the government. The District provides water utility services to some residents within the unincorporated areas of the County. No separate audit report is issued.

Iron County Special Service District #3

The Iron County Special Service District #3 has a separate board of directors and provides construction, repair, and maintenance of roads within the unincorporated areas of Iron County. No separate audit report is issued.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C: Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Iron County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Municipal Services Fund accounts for revenue from, and services provided to, the area within the geographic boundaries of the County but outside of any municipal boundaries.

The Class B and Collector Road Fund accounts for revenue collected for maintenance and construction of roads.

The County reports the following major proprietary funds:

The Solid Waste Landfill Fund accounts for revenues and expenditures of the county's landfill operations.

The Ambulance Fund accounts for the operations of the ambulance service.

The Group Insurance Fund accounts for transactions of the County's group insurance plan.

The Equipment Leasing Fund accounts for transactions involving county equipment.

Iron County Special Service District #3 accounts for funds received generally from state allocated mineral lease funds and expends those funds for construction, repairs and maintenance of roads in the unincorporated areas of Iron County.

The Mountain View Special Service District collects charges for water utility services provided to some residents within the unincorporated areas of the County.

The Summit Special Service District also collects charges for water utility services to some residents within the unincorporated areas for the County.

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as a December 31 to the taxing entities within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D: Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

Compensated Absences:

The County has a policy which allows full time employees to accumulate vacation pay and comp-time. For most employees, the County allows vacation hours to accumulate up to a maximum of 320 hours at year end payable at termination. The maximum comp-time payable is 80 hours.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 56,226,789
Accumulated depreciation	<u>(34,961,553)</u>
Total difference	<u>\$ 21,265,236</u>

Long-term liabilities:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Accrued interest on long term obligations	\$ (168,268)
Principal portion of bonds and leases	(10,978,351)
Compensated absences	(433,885)
Long-term Inter-Local Agreements	<u>(734,315)</u>
Total difference	<u>\$(12,314,819)</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Explanation of differences between governmental fund operating statements and the statement of net activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net differences, the elements of this difference are as follows:

Capital outlay	\$ 345,573
Depreciation expense	<u>(918,303)</u>
Net difference as reported	<u>\$ 572,730</u>

The governmental funds report bond proceeds as an other financing sources, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond Proceeds	\$ (231,000)
Repayment of bond principal	<u>700,996</u>
	<u>\$ 469,996</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The detail of this difference is as follows:

Accrued interest on long-term debt	\$ (168,270)
Contributions from developers	673,109
Net decrease in inter-local agreement	578,586
Compensated Absences	<u>(46,873)</u>
Total Adjustment	<u>\$ 1,036,552</u>

F: Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G: Property Tax Calendar:

- | | |
|-----------|--|
| January 1 | Lien Date – All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor. |
| July 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| Sept. 1 | State Tax Commission approves tax rates. |
| Nov. 1 | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit. |
| Nov. 1 | County auditor to charge the County Treasurer to account for all taxes levied. |
| Nov. 1 | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings. |
| Nov. 30 | Taxes on real property become delinquent. |

H: Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the County Commission makes final adjustments to the tentative budget.
4. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The Budget officer may transfer unexpended budgeted amounts within departments.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
8. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance – budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

NOTE 2: CASH AND INVESTMENTS

The County and component units maintain a cash and investment pool, which includes the cash account and several investments. The County also has deposits held by the Trust Department of US Bank as fiscal agent for bonds issued.

Deposits and investments for local governments are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council").

The County's deposit and investment policy is to follow the Utah Money Management Act and rules of the Utah Money Management Council. However, the County does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the County is exposed.

Utah State law requires that County funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the County and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

As of December 31, 2005, the County and its component units had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
County:	
Cash on deposit	\$ 52,455
State Treasurer's investment pool	3,679,899
Cash with Fiscal Agent	<u>114,617</u>
	<u>\$ 3,846,971</u>
Component units:	
Cash or Deposit	\$ 233,488
State Treasurers investment pool	<u>30,071</u>
	<u>\$ 263,559</u>

The following paragraphs discuss the County's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered. The County's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the County to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2005, \$372,304 of the County's bank balances of \$52,455 were uninsured and uncollateralized. As of December 31, 2005 \$66,414 of the Component Unit's bank balances of \$233,488 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk of investments. The County's investment in the Utah Public Treasurer's Investment Fund has no custodial risk.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The County's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 2: CASH AND INVESTMENTS - CONTINUED

The County is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Following are the County's and its component units investments at December 31, 2005.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF	\$3,709,970	less than 1 year	not rated

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The County manages its exposure to declines in fair value by solely investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the County's investments are noted above.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the County's portfolio at the time of purchase.

As of year end, the County had no investments other than an investment in the Utah Public Treasurer's Investment Fund.

NOTE 3. COMPENSATED ABSENCES:

Compensated absences of Iron County represent accrued vacation and sick pay at December 31, 2005, in the amount of \$480,325.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 6,185,105	\$ 109,758	\$	\$6,294,863
Total capital assets, not being depreciated	<u>6,185,105</u>	<u>109,758</u>		<u>6,294,863</u>
Capital assets, being depreciated:				
Building	15,032,624	6,072		15,038,696
Improvements other than buildings	28,770,399	989,501		29,759,900
Office furniture and equipment	492,646	6,210		498,856
Machinery & Equipment	2,784,901	62,337		2,847,238
Automobiles & Trucks	1,942,432		(155,196)	1,787,236
Total capital assets, being depreciated	<u>49,023,002</u>	<u>1,064,120</u>	<u>(155,196)</u>	<u>49,931,926</u>
Accumulated depreciation for:				
Buildings	6,379,709	1,166,471		7,546,180
Improvements other than buildings	23,702,399	989,501	(1,222,373)	23,469,527
Office furniture and equipment	417,722	17,490		435,212
Machinery & Equipment	1,957,524	96,182		2,053,706
Automobiles & Trucks	1,585,896	645,470	(774,438)	1,456,928
Total accumulated depreciation	<u>34,043,250</u>	<u>2,915,114</u>	<u>(1,996,811)</u>	<u>34,961,553</u>
Total capital assets, being depreciated, net	<u>14,979,752</u>	<u>(1,850,994)</u>	<u>1,841,615</u>	<u>14,970,373</u>
Governmental activities capital assets, net	<u>\$21,164,857</u>	<u>\$1,741,236</u>	<u>\$ 1,841,615</u>	<u>\$21,265,236</u>
Business type activities:				
Capital assets, not being depreciated				
Land	\$ 163,429	\$	\$	\$ 163,429
Total capital assets, not being depreciated	<u>163,429</u>			<u>163,429</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 4: CAPITAL ASSETS - CONTINUED

Capital assets, being depreciated:

Building	930,065		930,065
Improvements other than buildings	202,145		202,145
Machinery & Equipment	2,198,234	348,336	2,546,570
Automobiles & Trucks	<u>2,406,583</u>	<u>439,030</u>	<u>2,845,613</u>
Total capital assets, being depreciated	<u>5,737,027</u>	<u>787,366</u>	<u>6,524,393</u>

Accumulated depreciation for:

Building	113,806	35,679	149,485
Improvements other than buildings	87,663	11,289	98,952
Machinery & Equipment	1,246,720	150,837	1,397,557
Automobiles & Trucks	<u>1,176,106</u>	<u>363,469</u>	<u>1,539,575</u>
Total accumulated depreciation	<u>2,624,295</u>	<u>561,274</u>	<u>3,185,569</u>
Total capital assets, being depreciated,	<u>3,112,732</u>	<u>226,092</u>	<u>3,338,824</u>
Governmental activities capital assets, net	<u>\$ 3,276,161</u>	<u>\$ 226,092</u>	<u>\$ 3,502,253</u>

Depreciation was charged to functions as follows:

General government	\$ 212,550
Public safety	356,244
Public health	16,185
Highways & Public improvements	144,611
Parks & recreation	21,047
Community & economic development	<u>167,666</u>
Total	<u>\$ 918,303</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the County for the fiscal year ended December 31, 2005:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Compensated Absences	\$ 433,453	\$ 46,872	\$	\$ 480,325
Bonds	9,241,750	231,000	442,000	9,030,750
Special Assessment Bonds	2,206,597		258,996	1,947,601
	<u>\$ 11,881,800</u>	<u>\$ 277,872</u>	<u>\$ 700,996</u>	<u>\$ 11,458,676</u>

\$1,000,000 Community Impact Bonus Loan

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 46,000	\$ 21,480	\$ 67,480
2007	47,000	20,100	67,100
2008	49,000	18,690	67,690
2009	50,000	17,220	67,220
2010	52,000	15,720	67,720
2011	53,000	14,160	67,160
2012	55,000	12,570	67,570
2013	56,000	10,920	66,920
2014	58,000	9,240	67,240
2015	60,000	7,500	67,500
2016	62,000	5,700	67,700
2017	63,000	3,840	66,840
2018	<u>65,000</u>	<u>1,950</u>	<u>66,950</u>
Total	<u>\$ 716,000</u>	<u>\$ 159,090</u>	<u>\$ 875,090</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$146,000 Special Assessment (Cross Hollow) Bonds Series 1996

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2006	\$ 11,000	\$ 4,480	\$ 15,480
2007	11,000	3,838	14,838
2008	12,000	3,158	15,158
2009	13,000	2,437	15,437
2010	13,000	1,672	14,672
2011	<u>14,000</u>	<u>860</u>	<u>14,860</u>
Total	<u>\$ 74,000</u>	<u>\$ 16,445</u>	<u>\$ 90,445</u>

\$250,000 Community Impact Mineral Lease Loan

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2006	\$ 11,000	\$ 5,370	\$ 16,370
2007	12,000	5,040	17,040
2008	12,000	4,680	16,680
2009	13,000	4,320	17,320
2010	13,000	3,930	16,930
2011	13,000	3,540	16,540
2012	14,000	3,150	17,150
2013	14,000	2,730	16,730
2014	15,000	2,310	17,310
2015	15,000	1,860	16,860
2016	15,000	1,410	16,410
2017	16,000	960	16,960
2018	<u>16,000</u>	<u>480</u>	<u>16,480</u>
Total	<u>\$ 179,000</u>	<u>\$ 39,780</u>	<u>\$ 218,780</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$752,000 Special Improvement District Bonds Series 1999

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 80,000	\$ 18,618	\$ 98,618
2007	85,000	14,338	99,338
2008	89,000	9,791	98,791
2009	<u>96,000</u>	<u>5,029</u>	<u>101,029</u>
Total	<u>\$ 350,000</u>	<u>\$ 47,776</u>	<u>\$ 397,776</u>

\$150,000 Lease Revenue Bonds Series 2000

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 7,000	\$ 3,000	\$ 10,000
2007	7,000	2,825	9,825
2008	7,000	2,650	9,650
2009	7,000	2,475	9,475
2010	7,000	2,300	9,300
2011	8,000	2,125	10,125
2012	8,000	1,925	9,925
2013	8,000	1,725	9,725
2014	8,000	1,525	9,525
2015	8,000	1,325	9,325
2016	9,000	1,125	10,125
2017	9,000	900	9,900
2018	9,000	675	9,675
2019	9,000	450	9,450
2020	<u>9,000</u>	<u>225</u>	<u>9,225</u>
Total	<u>\$ 120,000</u>	<u>\$ 25,250</u>	<u>\$ 145,250</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$465,000 Fiddlers Canyon Flood Control Special Assessment Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2006	\$ 45,000	\$ 14,523	\$ 59,523
2007	45,000	12,588	57,588
2008	50,000	10,518	60,518
2009	50,000	8,143	58,143
2010	55,000	5,693	60,693
2011	<u>55,000</u>	<u>2,888</u>	<u>57,888</u>
Total	<u>\$ 300,000</u>	<u>\$ 54,353</u>	<u>\$ 354,353</u>

\$1,143,750 Lease Revenue Bonds Series 2001

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2006	\$ 47,000	\$ 26,319	\$ 73,319
2007	48,000	25,144	73,144
2008	50,000	23,944	73,944
2009	51,000	22,694	73,694
2010	52,000	21,419	73,419
2011	53,000	20,119	73,119
2012	55,000	18,794	73,794
2013	56,000	17,418	73,418
2014	57,000	16,018	73,018
2015	59,000	14,594	73,594
2016	60,000	13,119	73,119
2017	62,000	11,619	73,619
2018	63,000	10,069	73,069
2019	65,000	8,494	73,494
2020	67,000	6,868	73,868
2021	68,000	5,194	73,194
2022	69,000	3,494	72,494
2023	<u>70,750</u>	<u>1,770</u>	<u>72,520</u>
Total	<u>\$ 1,052,750</u>	<u>\$ 267,090</u>	<u>\$ 1,319,840</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$385,000 MBA Lease Revenue Refunding Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 64,000	\$ 8,120	\$ 72,120
2007	66,000	5,560	71,560
2008	73,000	2,920	75,920
Total	<u>\$ 203,000</u>	<u>\$ 16,600</u>	<u>\$ 219,600</u>

\$1,650,000 Lease Revenue Refunding Bonds Series 2003A

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 68,000	\$ 37,975	\$ 105,975
2007	69,000	36,275	105,275
2008	71,000	34,550	105,550
2009	73,000	32,775	105,775
2010	75,000	30,950	105,950
2011	77,000	29,075	106,075
2012	79,000	27,150	106,150
2013	81,000	25,175	106,175
2014	83,000	23,150	106,150
2015	85,000	21,075	106,075
2016	87,000	18,950	105,950
2017	89,000	16,775	105,775
2018	91,000	14,550	105,550
2019	94,000	12,275	106,275
2020	96,000	9,925	105,925
2021	98,000	7,525	105,525
2022	100,000	5,075	105,075
2023	103,000	2,575	105,575
Total	<u>\$ 1,519,000</u>	<u>\$ 385,800</u>	<u>\$ 1,904,800</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$1,475,000 Special Assessment Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 132,228	\$ 50,412	\$ 182,640
2007	137,676	44,965	182,641
2008	143,348	39,292	182,640
2009	149,254	33,386	182,640
2010	155,403	27,237	182,640
2011	161,806	20,835	182,641
2012	168,472	14,168	182,640
2013	<u>175,414</u>	<u>7,227</u>	<u>182,641</u>
Total	<u>\$ 1,223,601</u>	<u>\$ 237,522</u>	<u>\$ 1,461,123</u>

\$678,000 Sales Tax Refunding Bonds Series 2001

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 79,000	\$ 21,513	\$ 100,513
2007	72,000	18,874	90,874
2008	74,000	16,190	90,190
2009	82,000	13,162	95,162
2010	94,000	9,642	103,642
2011	95,000	5,815	100,815
2012	<u>91,000</u>	<u>1,934</u>	<u>92,934</u>
			0
Total	<u>\$ 587,000</u>	<u>\$ 87,130</u>	<u>\$ 674,130</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$50,000 Taxable Lease Revenue Bonds Series 2003B

Year	Principal Amount	Total Amount
2006	\$ 2,000	\$ 2,000
2007	2,000	2,000
2008	2,000	2,000
2009	2,000	2,000
2010	2,000	2,000
2011	2,000	2,000
2012	2,000	2,000
2013	2,000	2,000
2014	3,000	3,000
2015	3,000	3,000
2016	3,000	3,000
2017	3,000	3,000
2018	3,000	3,000
2019	3,000	3,000
2020	3,000	3,000
2021	3,000	3,000
2022	3,000	3,000
2023	3,000	3,000
Total	<u>\$ 46,000</u>	<u>\$ 46,000</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$2,500,000 Limited Obligation Sales Tax Revenue Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 77,000	\$ 58,800	\$ 135,800
2007	79,000	56,875	135,875
2008	81,000	54,900	135,900
2009	83,000	52,875	135,875
2010	84,000	50,800	134,800
2011	87,000	48,700	135,700
2012	89,000	46,525	135,525
2013	92,000	44,300	136,300
2014	94,000	42,000	136,000
2015	96,000	39,650	135,650
2016	98,000	37,250	135,250
2017	101,000	34,800	135,800
2018	103,000	32,275	135,275
2019	106,000	29,700	135,700
2020	108,000	27,050	135,050
2021	111,000	24,350	135,350
2022	114,000	21,575	135,575
2023	117,000	18,725	135,725
2024	120,000	15,800	135,800
2025	123,000	12,800	135,800
2026	126,000	9,725	135,725
2027	129,000	6,575	135,575
2028	<u>134,000</u>	<u>3,350</u>	<u>137,350</u>
Total	<u>\$ 2,352,000</u>	<u>\$ 769,400</u>	<u>\$ 3,121,400</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$2,077,000 Lease Revenue Bonds Series 2004

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 48,000	\$ 50,750	\$ 98,750
2007	50,000	49,550	99,550
2008	51,000	48,300	99,300
2009	52,000	47,025	99,025
2010	54,000	45,725	99,725
2011	55,000	44,375	99,375
2012	56,000	43,000	99,000
2013	58,000	41,600	99,600
2014	59,000	40,150	99,150
2015	61,000	38,675	99,675
2016	62,000	37,150	99,150
2017	63,000	35,600	98,600
2018	65,000	34,025	99,025
2019	67,000	32,400	99,400
2020	68,000	30,725	98,725
2021	70,000	29,025	99,025
2022	72,000	27,275	99,275
2023	74,000	25,475	99,475
2024	76,000	23,625	99,625
2025	78,000	21,725	99,725
2026	80,000	19,775	99,775
2027	81,000	17,775	98,775
2028	83,000	15,750	98,750
2029	86,000	13,675	99,675
2030	88,000	11,525	99,525
2031	90,000	9,325	99,325
2032	92,000	7,075	99,075
2033	94,000	4,775	98,775
2034	<u>97,000</u>	<u>2,425</u>	<u>99,425</u>
Total	<u>\$ 2,030,000</u>	<u>\$ 848,275</u>	<u>\$ 2,878,275</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$231,000 Lease Revenue Bonds Series 2005

Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 5,000	\$ 5,650	\$ 10,650
2007	5,000	5,525	10,525
2008	6,000	5,400	11,400
2009	6,000	5,250	11,250
2010	6,000	5,100	11,100
2011	6,000	4,950	10,950
2012	6,000	4,800	10,800
2013	6,000	4,650	10,650
2014	7,000	4,500	11,500
2015	7,000	4,325	11,325
2016	7,000	4,150	11,150
2017	7,000	3,975	10,975
2018	7,000	3,800	10,800
2019	7,000	3,625	10,625
2020	8,000	3,450	11,450
2021	8,000	3,250	11,250
2022	8,000	3,050	11,050
2023	8,000	2,850	10,850
2024	8,000	2,650	10,650
2025	9,000	2,450	11,450
2026	9,000	2,225	11,225
2027	9,000	2,000	11,000
2028	9,000	1,775	10,775
2029	9,000	1,550	10,550
2030	10,000	1,325	11,325
2031	10,000	1,075	11,075
2032	10,000	825	10,825
2033	11,000	575	11,575
2034	<u>12,000</u>	<u>300</u>	<u>12,300</u>
Total	<u>\$ 226,000</u>	<u>\$ 95,050</u>	<u>\$ 321,050</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

Component Units:

Summit Special District Revenue Bonds			
Year	Principal Amount	Interest Amount	Total Amount
2006	\$ 2,955	\$ 995	\$ 3,950
2007	3,103	847	3,950
2008	3,258	692	3,950
2009	3,421	529	3,950
2010	3,592	358	3,950
2011	<u>3,565</u>	<u>178</u>	<u>3,743</u>
Total	<u>\$ 19,894</u>	<u>\$ 3,599</u>	<u>\$ 23,493</u>

NOTE 6. DEFINED BENEFIT PENSION PLAN

Plan Description. Iron County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with (without) Social Security coverage, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. As of December 31, plan members in the Local Governmental Contributory Retirement System are required to contribute 3.43% of their annual covered salary (all or part may be paid by the employer for the employee) and Iron County is required to contribute 2.57% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Iron County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with (without) Social Security coverage division members are required to contribute 19.08% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Iron County's contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2005, 2004 and 2003 were \$3,402, \$3,483 and \$3,494 respectively and for the Noncontributory Retirement System the contributions for December 31, 2005, 2004 and 2003 were \$365,739, \$320,794 and \$261,144 respectively and for the Public Safety Retirement System the contributions for December 31, 2005, 2004, 2003 were \$430,628, \$378,307 and \$283,233 respectively. The contributions were equal to the required contributions for each year.

NOTE 7. RISK MANAGEMENT:

Iron County is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illnesses or injury.

The County has procured commercial insurance coverage, which in the County's estimation, is adequate to reduce the risk of loss to a manageable level.

NOTE 8. LITIGATION

The County is involved in several matters of litigation or threatened litigation, the outcomes of which are unclear at this time. Major cases in question include the following:

One case involves a tax appeal with an amount in question of approximately \$40,000. In a second case, a claimant is requesting damages of \$30,000 as the result of an accident involving a sheriff's department vehicle. A third asks for damages in a slip and fall accident.

Three other lawsuits have been threatened but have not yet been filed. The County believes the outcomes will be favorable.

NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Engineering studies contracted for by Iron County estimate closure and post-closure costs for landfills located within the County to be \$1,782,213. The breakdown of these costs are as follows:

Closure Costs:

Engineering	\$ 65,450
Construction	983,143
5% Contract Performance Bond	49,157
Legal Fees (25% of total)	<u>274,438</u>
Total Closure Costs	\$1,372,188

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS - CONTINUED

Post-Closure Costs:

Site Inspection	\$ 84,750
Ground Water Monitoring	210,000
Gas Monitoring	30,000
Construction Cost	30,000
Leachate Monitoring	18,000
Contingency (10%)	<u>37,275</u>
Total Post-Closure Costs	<u>410,025</u>

Total Closure and Post-Closure Costs \$ 1,782,213

As of the date of this report, the County has not been notified of any corrective actions that need to be taken towards the landfills.

The County estimates the useful life of the landfills to be approximately 36 years.

To date Iron County has not incurred any closure or port-closure costs. Total costs to be recognized remain at \$1,782,213.

NOTE 10. ADVANCED REFUNDING

During the year ended December 31, 2003, the County effected an advance refunding with a partial defeasance of debt. The advance refunding was accomplished by issuing \$678,000 of Sales Tax Revenue Refunding Bonds-Series 2001. These bonds were issued December 5, 2001. The transaction is considered to be an advanced refunding in that the proceeds of the new bonds have been placed in an irrevocable escrow controlled by the trust department of U.S. Bank National Association. These proceeds along with \$105,000 from the previous debt service fund will be used to defease \$685,000 of the Municipal Building Authority Lease Revenue Bonds-Series 1994 previously issued by the County. The amounts placed in escrow have been invested in US Treasury state and local government series obligations.

The amounts placed in escrow will be sufficient to pay debt service on the refunded bonds with a payment of \$685,000 to be made on April 1, 2004 to pay off the outstanding balance of the bonds as of that date. The present value of the amounts placed in escrow equal the present value of the remaining debt service on the refunded bonds.

The refunded bonds bear interest of 7% to 7.40% with the refunding bonds bearing interest of 3% to 4.25%. The net present value of the savings benefit is \$50,164.

In accordance with generally accepted accounting principles concerning advanced refunding of bonds, the defeased portion of the Municipal Building Authority Lease Revenue Bonds-Series 1994 as well as the irrevocable escrow are not reported by the County. The refunding bonds have been included in general long term debt.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 11. CONDENSED FINANCIAL STATEMENT - DISCRETELY PRESENTED COMPONENT UNITS

Iron County has three component units which are described below:

Governmental Fund Types:

Iron County Special Service District #3:

The District provides Highway Improvements within the District.

Proprietary Fund Types:

Mountain View Special Service District:

The District provides water utility within the District on a continuing basis and financed through user charges.

Summit Special Service District:

The District provides water utility services within the District on a continuing basis and financed through user charges.

Condensed Financial Statements for the year ended December 31, 2005, are as follows:

Condensed Statement of Net

Governmental Types:

	<u>Mountain View SSD</u>	<u>Summit SSD</u>	<u>Iron County SSD #3</u>	<u>Total</u>
Current Assets	\$ 54,652	\$ 51,818	\$ 258,315	\$ 364,785
Noncurrent Assets:				
Capital Assets (Net)	<u>165,854</u>	<u>84,342</u>	<u> </u>	<u>250,196</u>
 Total Assets	 <u><u>\$ 220,506</u></u>	 <u><u>\$136,160</u></u>	 <u><u>\$ 258,315</u></u>	 <u><u>\$ 614,981</u></u>
 Liabilities:				
Current Liabilities	\$	\$	\$	\$
Noncurrent Liabilities:				
Long-Term Debt		19,894		19,894
Postclosure Costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Liabilities	 <u><u>\$</u></u>	 <u><u>\$ 19,894</u></u>	 <u><u>\$</u></u>	 <u><u>\$ 19,894</u></u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 11. CONDENSED FINANCIAL STATEMENT – DISCRETELY PRESENTED COMPONENT UNITS – CONTINUED

	<u>Mountain View SSD</u>	<u>Summit SSD</u>	<u>Iron County SSD #3</u>	<u>Total</u>
Net Assets:				
Capital Asset - Net of Related Debt	\$ 165,854	\$ 64,448	\$	\$ 230,302
Restricted				
Unrestricted	<u>54,652</u>	<u>51,818</u>	<u>258,315</u>	<u>364,785</u>
Net Assets	<u>220,506</u>	<u>116,266</u>	<u>258,315</u>	<u>595,087</u>
Total Liabilities and Net Assets	<u><u>\$ 220,506</u></u>	<u><u>\$136,160</u></u>	<u><u>\$ 258,315</u></u>	<u><u>\$ 614,981</u></u>
Condensed Statement of Revenue, Expenses and Changes in Net Assets:				
Governmental Activities:				
Revenues	\$	\$	\$ 92,997	\$ 92,997
Current Expenses	<u></u>	<u></u>	<u>(100)</u>	<u>(100)</u>
Change in Net Assets			92,897	92,897
Net Assets - Beginning	<u></u>	<u></u>	<u>165,418</u>	<u>165,418</u>
Net Asset - Ending	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 258,315</u></u>	<u><u>\$ 258,315</u></u>
Business Type Activities:				
Operating Revenue	\$ 25,510	\$ 21,250	\$	\$ 46,760
Operating Expenses:				
Depreciation	(11,918)	(12,314)		(24,232)
Other	<u>(29,208)</u>	<u>(18,797)</u>	<u></u>	<u>(48,005)</u>
Operating Income (Loss)	<u>(15,616)</u>	<u>(9,861)</u>	<u></u>	<u>(25,477)</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT

December 31, 2005

NOTE 11. CONDENSED FINANCIAL STATEMENT – DISCRETELY PRESENTED COMPONENT UNITS – CONTINUED

	Mountain View SSD	Summit SSD	Total
Non-Operating Revenues:			
Operating Grants & Intergovernmental			
Other Income (Expense)			
Interest Income	485	977	1,462
Total Non-Operating Revenues	485	977	1,462
Change in Net Assets	(15,131)	(8,884)	(24,015)
Net Assets - Beginning	235,637	125,150	360,787
Net Assets - Ending	<u>\$ 220,506</u>	<u>\$ 116,266</u>	<u>\$336,772</u>

NOTE 12. SUBSEQUENT EVENTS

On December 2, 2004, the Permanent Community Impact Fund Board (the Board) authorized an increase in the amount of the loan to the Iron County Building Authority of \$231,000 for additional work on the county offices project in Cedar City, Utah.

The Board initially made a loan of \$2,077,000 by issuance of Lease Revenue Bonds, Series 2004. In order to avoid having two separate bonds, one for the original \$2,077,000 and one for the additional \$231,000, the Board authorized the issuance of a new lease revenue bond for a combined total of \$2,308,000.

The \$231,000 proceeds were received by the County in 2005.

NOTE 13. LEASE PAYABLE

As of year end the County had the following lease obligations outstanding:

Enterprise Funds: Ambulance Service Fund

	Principal	Interest	Total
2006	\$ 4,612	\$ 830	\$ 5,442
2007	4,874	568	5,442
2008	4,072	279	4,351
	<u>\$ 13,558</u>	<u>\$ 1,677</u>	<u>\$ 15,235</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2005

NOTE 14. COMPLIANCE WITH STATE LAW

Expenditures in the public health, parks and recreation, community and economic development, and transfers out categories exceeded the adopted budget for the year in violation of the Utah Code.

In addition, the Iron County Office Building, Fairgrounds, Fire Station and UHP Building funds as well as the Group Insurance Fund have negative fund balances in violation of state law.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

IRON COUNTY, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Budgetary fund balance, January 1	\$ 4,885,969	\$ 4,885,969	\$ 4,885,969	\$ -
Resources (inflows):				
Taxes	6,244,038	6,511,101	7,340,572	829,471
Interest earnings	12,200	12,200	93,845	81,645
Licenses and permits	90,000	90,000	140,236	50,236
Intergovernmental revenues	4,433,597	4,696,747	4,645,279	(51,468)
Charges for services	1,380,760	1,380,760	1,691,681	310,921
Fines and forfeitures	1,336,800	1,336,800	1,393,789	56,989
Miscellaneous	606,768	606,768	881,043	274,275
Transfers in from other funds	314,100	333,100	307,724	(25,376)
Amounts available for appropriation	<u>19,304,232</u>	<u>19,853,445</u>	<u>21,380,138</u>	<u>1,526,693</u>
Charges to appropriations (outflows):				
General government	5,677,470	5,984,320	5,964,932	19,388
Public safety	4,122,938	4,311,238	4,212,160	99,078
Public health	775,000	775,000	827,480	(52,480)
Parks & recreation	125,000	144,000	145,194	(1,194)
Community & economic development	459,709	469,709	481,729	(12,020)
Transfers out to other funds	3,406,657	3,404,657	3,502,155	(97,498)
Total charges to appropriations	<u>14,566,774</u>	<u>15,088,924</u>	<u>15,133,650</u>	<u>(44,726)</u>
Budgetary fund balance, December 31	<u>\$ 4,737,458</u>	<u>\$ 4,764,521</u>	<u>\$ 6,246,488</u>	<u>\$ 1,481,967</u>

The notes to the financial statements are an integral part of this statement.

**COMBINING FINANCIAL STATEMENTS
AND SCHEDULES**

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Combined Debt Service	Visitors Center	Midvalley Estates	Fire Station	UHP Building
Assets:					
Cash & cash equivalents	\$ 119,138	\$ 138,204	\$ 21,306	\$ -	\$ -
Accounts receivable	184,890				
Due from other funds					
Taxes Receivable					
Other receivables			298,614		
Total assets	<u>\$ 304,028</u>	<u>\$ 138,204</u>	<u>\$ 319,920</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:					
Cash with negative balances	\$ -	\$ -	\$ -	\$ 4,585	\$ 3,322
Accounts payable		538	96	29	
Due to other governments					
Accrued interest payable					
Deferred revenue			298,265		
Total liabilities		<u>538</u>	<u>298,362</u>	<u>4,614</u>	<u>3,322</u>
Fund balances:					
Reserved	311,691		21,558		
Unreserved, undesignated	(7,663)	137,666		(4,614)	(3,322)
Total fund balances	<u>304,028</u>	<u>137,666</u>	<u>21,558</u>	<u>(4,614)</u>	<u>(3,322)</u>
Total liabilities and fund balances	<u>\$ 304,028</u>	<u>\$ 138,204</u>	<u>\$ 319,920</u>	<u>\$ -</u>	<u>\$ -</u>

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Fiddlers Canyon SID	Fairgrounds Building	Festival Hall	Convention Center	Cross Hollow
Assets:					
Cash & cash equivalents	\$ 57,345	\$ -	\$ 45,450	\$ 2,574	\$ 79,542
Accounts receivable					
Due from other funds					
Taxes Receivable	1,145,913				279,240
Other receivables					
Total assets	<u>\$ 1,203,258</u>	<u>\$ -</u>	<u>\$ 45,450</u>	<u>\$ 2,574</u>	<u>\$ 358,782</u>
Liabilities:					
Cash with negative balances	\$ -	\$ 12,317	\$ -	\$ -	\$ -
Accounts payable			22,764		85
Due to other governments					
Accrued interest payable					
Deferred revenue	1,145,913				279,240
Total liabilities	<u>1,145,913</u>	<u>12,317</u>	<u>22,764</u>		<u>279,325</u>
Fund balances:					
Reserved	57,345				79,456
Unreserved, undesignated		(12,317)	22,686	2,574	1
Total fund balances	<u>57,345</u>	<u>(12,317)</u>	<u>22,686</u>	<u>2,574</u>	<u>79,457</u>
Total liabilities and fund balances	<u>\$ 1,203,258</u>	<u>\$ -</u>	<u>\$ 45,450</u>	<u>\$ 2,574</u>	<u>\$ 358,782</u>

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Iron County Office Building Project	Festival Hall Project	Total Nonmajor Governmental Funds
Assets:			
Cash & cash equivalents	\$ -	\$ 10,180	\$ 473,741
Accounts receivable			184,890
Due from other funds			-
Taxes Receivable			-
Other receivables			1,723,766
Total assets	\$ -	\$ 10,180	\$ 2,382,396
Liabilities:			
Cash with negative balances	\$ 25,290	\$ -	\$ 45,514
Accounts payable			23,513
Due to other governments			-
Accrued interest payable			-
Deferred revenue			1,723,419
Total liabilities	25,290		1,792,446
Fund balances:			
Reserved			470,050
Unreserved, undesignated	(25,291)	10,180	119,900
Total fund balances	(25,291)	10,180	589,950
Total liabilities and fund balances	\$ -	\$ 10,180	\$ 2,382,396

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2005

	Combined Debt Service	Visitors Center	Midvalley Estates	Fire Station	UHP Building	Fiddlers Canyon SID
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	3,418	649	1,440	12	-	1,049
Licenses and permits						
Intergovernmental revenues						
Charges for services	73,469					
Fines and forfeitures						
Miscellaneous	246,294	41,071	19,348			53,692
Total Revenues	<u>323,180</u>	<u>41,719</u>	<u>20,788</u>	<u>12</u>		<u>54,741</u>
EXPENDITURES:						
General government						500
Public safety						
Public health						
Highways & public improvements						
Parks & recreation						
Capital outlay						
Community & economic development						
Debt service	373,197	83,500	100,645	9,149	36,215	61,390
Total Expenditures	<u>373,197</u>	<u>83,500</u>	<u>100,645</u>	<u>9,149</u>	<u>36,215</u>	<u>61,890</u>
Excess of Revenues over (under) Expenditures	<u>(50,017)</u>	<u>(41,781)</u>	<u>(79,857)</u>	<u>(9,137)</u>	<u>(36,215)</u>	<u>(7,149)</u>
OTHER FINANCING SOURCES (USES):						
Debt proceeds						
Operating transfers in	99,100	44,800			13,450	
Operating transfers out						
Sale of fixed assets						
Total Other Financing Sources (Uses)	<u>99,100</u>	<u>44,800</u>			<u>13,450</u>	
Excess of revenues and other sources over (under) expenditures and other uses	49,083	3,019	(79,857)	(9,137)	(22,765)	(7,149)
FUND BALANCES JANUARY 1	254,945	134,647	101,415	4,523	19,443	64,494
FUND BALANCES DECEMBER 31	<u>\$ 304,028</u>	<u>\$ 137,666</u>	<u>\$ 21,558</u>	<u>\$ (4,614)</u>	<u>\$ (3,322)</u>	<u>\$ 57,345</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2005

	Fairgrounds Building	Festival Hall	Convention Center	Cross Hollow	Iron County Office Building Project	Festival Hall Project
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	23	-	0	1,005	49,653	4,328
Licenses and permits						
Intergovernmental revenues						
Charges for services						
Fines and forfeitures						
Miscellaneous				9,163		
Total Revenues	<u>23</u>		<u>0</u>	<u>10,168</u>	<u>49,653</u>	<u>4,328</u>
EXPENDITURES:						
General government	411		426			
Public safety						
Public health						
Highways & public improvements						
Parks & recreation						
Capital outlay					345,136	437
Community & economic development						
Debt service	37,814	135,675	101,107	15,082		
Total Expenditures	<u>38,225</u>	<u>135,675</u>	<u>101,533</u>	<u>15,082</u>	<u>345,136</u>	<u>437</u>
Excess of Revenues over (under) Expenditures	<u>(38,201)</u>	<u>(135,675)</u>	<u>(101,533)</u>	<u>(4,914)</u>	<u>(295,483)</u>	<u>3,891</u>
OTHER FINANCING SOURCES (USES):						
Debt proceeds					231,000	
Operating transfers in	20,000	135,675	104,107			
Operating transfers out						
Sale of fixed assets						
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>135,675</u>	<u>104,107</u>		<u>231,000</u>	
Excess of revenues and other sources over (under) expenditures and other uses	<u>(18,201)</u>		<u>2,574</u>	<u>(4,914)</u>	<u>(64,483)</u>	<u>3,890</u>
FUND BALANCES JANUARY 1	5,885	22,686		84,371	39,192	6,290
FUND BALANCES DECEMBER 31	<u>\$ (12,317)</u>	<u>\$ 22,686</u>	<u>\$ 2,574</u>	<u>\$ 79,457</u>	<u>\$ (25,291)</u>	<u>\$ 10,180</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2005

	Nonmajor Governmental Funds
REVENUES:	
Taxes	\$ -
Interest earnings	61,577
Licenses and permits	-
Intergovernmental revenues	-
Charges for services	73,469
Fines and forfeitures	-
Miscellaneous	369,567
Total Revenues	<u>504,612</u>
EXPENDITURES:	
General government	1,337
Public safety	
Public health	
Highways & public improvements	
Parks & recreation	
Capital outlay	345,573
Community & economic development	
Debt service	953,774
Total Expenditures	<u>1,300,684</u>
Excess of Revenues over (under) Expenditures	<u>(796,072)</u>
OTHER FINANCING SOURCES (USES):	
Debt proceeds	231,000
Operating transfers in	417,132
Operating transfers out	
Sale of fixed assets	
Total Other Financing Sources (Uses)	<u>648,132</u>
Excess of revenues and other sources over (under) expenditures and other uses	(147,940)
FUND BALANCES JANUARY 1	737,890
FUND BALANCES DECEMBER 31	<u>\$ 589,950</u>

IRON COUNTY, UTAH
Combining Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2005

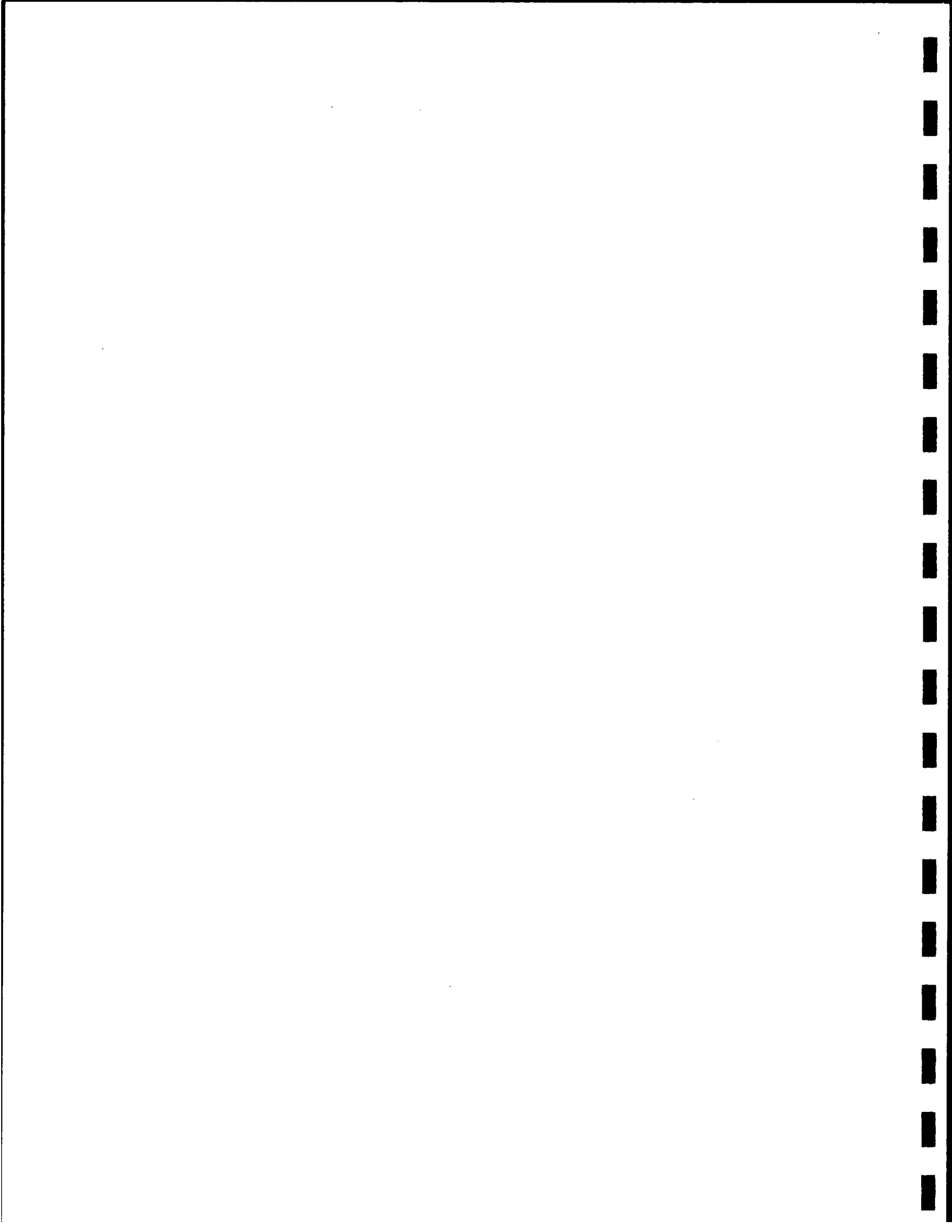
	<u>Sewer Service Fund</u>	<u>Solid Waste Collection</u>	<u>Total</u>
Assets			
Current assets:			
Cash & cash equivalents	\$ 100,943	\$ 144,556	\$ 245,498
Accounts receivable	2,484	58,484	60,968
Total current assets	<u>103,427</u>	<u>203,039</u>	<u>306,466</u>
Long-term assets:			-
Capital assets, net of accumulated depreciation		226,721	226,721
Total long-term assets		<u>226,721</u>	<u>226,721</u>
Total assets	<u>103,427</u>	<u>429,760</u>	<u>533,187</u>
Liabilities and Net Assets			
Liabilities :			
Current liabilities:			
Compensated absences payable		3,675	3,675
Total current liabilities	<u>-</u>	<u>3,675</u>	<u>3,675</u>
Non-current liabilities:			-
Total non-current liabilities:	<u>-</u>		<u>-</u>
Total liabilities	<u>-</u>	<u>3,675</u>	<u>3,675</u>
Net assets:			
Invested in capital assets, net of related debt		226,721	226,721
Restricted for:			
Debt service			-
Other purposes			-
Unrestricted	103,427	199,364	302,791
Total net assets	<u>\$ 103,427</u>	<u>\$ 426,085</u>	<u>\$ 529,512</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Proprietary Funds
Year Ended December 31, 2005

	Sewer Service Fund	Solid Waste Collection	Total
Operating revenues:			
Charges for services	\$ 22,266	\$ 269,412	\$ 291,679
Connection fees	54,017		54,017
Total operating revenues	76,283	269,412	345,695
Operating expenses:			
Salaries & wages		159,809	159,809
Materials & supplies	24,064	4,735	28,799
Auto expenses		38,329	38,329
Utilities		334	334
Depreciation		38,781	38,781
Total operating expenses	24,064	241,988	266,052
Operating income (loss)	52,219	27,424	79,643
Nonoperating income:			
Interest earnings	934	1,638	2,571
Total nonoperating income	934	1,638	2,571
Change in net assets	53,153	29,062	82,214
Net assets - beginning	50,275	397,023	447,298
Net assets - ending	\$ 103,427	\$ 426,085	\$ 529,512

IRON COUNTY, UTAH
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2005

	Sewer Service Fund	Solid Waste Collection	Total
Cash flows from operating activities:			
Cash received from customers	\$ 79,005	\$ 264,545	\$ 343,551
Cash payments to suppliers for goods and services	(24,064)	(43,397)	(67,462)
Cash payments to employees for services	-	(159,809)	(159,809)
Net cash provided (used) by operating activities	<u>54,941</u>	<u>61,339</u>	<u>116,280</u>
Cash flows from noncapital financing activities:			
Operating transfers (to) from other funds			-
Net cash (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Cash received from grants			-
Acquisition of capital assets		(42,510)	(42,510)
Interest paid on capital debt			-
Principal paid on due to other funds		-	-
Net cash (used) by capital and related activities	<u>-</u>	<u>(42,510)</u>	<u>(42,510)</u>
Cash flows from investing activities			
Interest received	<u>934</u>	<u>1,638</u>	<u>2,572</u>
Net cash (used) by investing activities	<u>934</u>	<u>1,638</u>	<u>2,572</u>
Net increase in cash and cash equivalents	<u>55,875</u>	<u>20,467</u>	<u>76,342</u>
Cash and Cash Equivalents - Beginning	<u>45,068</u>	<u>124,089</u>	<u>169,156</u>
Cash and Cash Equivalents - Ending	<u>\$ 100,943</u>	<u>\$ 144,556</u>	<u>\$ 245,498</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 52,219	\$ 27,424	\$ 79,643
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	38,781	38,781
Increase decrease accounts receivable	2,722	(4,866)	(2,144)
Increase decrease in accounts payable		-	-
Increase decrease in compensated absences		-	-
Total adjustments	<u>2,722</u>	<u>33,915</u>	<u>36,637</u>
Net cash provided (used) by operating activities	<u>\$ 54,941</u>	<u>\$ 61,339</u>	<u>\$ 116,280</u>



IRON COUNTY, UTAH
Statement of Changes in Assets and Liabilities
Agency Funds
December 31, 2005

	<u>Balance December 31, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2005</u>
Assets				
Cash & cash equivalents	\$ 20,393,461	\$ 24,137,032	\$ 20,392,905	\$ 24,137,588
Taxes receivable	1,394,405	-	1,078,261	316,144
Total assets	<u>\$ 21,787,866</u>	<u>\$ 24,137,032</u>	<u>\$ 21,471,166</u>	<u>\$ 24,453,732</u>
Liabilities				
Due to taxing units	\$ 21,787,866	\$ 24,137,032	\$ 21,471,166	\$ 24,453,732
Total liabilities	<u>\$ 21,787,866</u>	<u>\$ 24,137,032</u>	<u>\$ 21,471,166</u>	<u>\$ 24,453,732</u>

IRON COUNTY, UTAH
COUNTY TREASURER
STATEMENT OF CURRENT TAXES CHARGED,
COLLECTED, AND DISBURSED - CURRENT & PRIOR YEARS
DECEMBER 31, 2005

TAXING UNITS	<u>Year-End Value (After BOE)</u>	<u>RDA Value</u>	<u>Real & Central Ass'd Value</u>	<u>Personal Prop. Value</u>	<u>Adjusted Value</u>	<u>Real & Central Ass'd Tax Rate</u>
COUNTY FUNDS:						
General	2,157,568,653	58,176,703	<u>2,099,391,950</u>	<u>145,131,985</u>	<u>2,244,523,935</u>	0.001962
SCHOOL DISTRICTS						
Iron County	2,157,568,653	58,176,703	<u>2,099,391,950</u>	<u>145,131,985</u>	<u>2,244,523,935</u>	0.007574
CITIES AND TOWNS:						
Brian head	199,438,428		199,438,428	2,557,765	201,996,193	0.004172
Cedar City	1,016,593,325	58,176,703	958,416,622	116,853,000	1,075,269,622	0.003010
Enoch	95,711,915		95,711,915	970,773	96,682,688	0.001916
Kanarraville	12,245,099		12,245,099	300,270	12,545,369	0.000674
Paragonah	16,426,808		16,426,808	172,565	16,599,373	0.001164
Parowan	122,695,384		<u>122,695,384</u>	<u>2,349,273</u>	<u>125,044,657</u>	0.001316
Total Cities & Towns			<u>1,404,934,256</u>	<u>123,203,646</u>	<u>1,528,137,902</u>	
WATER CONS. DIST.	1,556,531,760	58,176,703	<u>1,498,355,057</u>	<u>137,513,572</u>	<u>1,635,868,629</u>	0.000094
GRAND TOTALS			<u><u>7,102,073,213</u></u>	<u><u>550,981,188</u></u>	<u><u>7,653,054,401</u></u>	

Personal Prop. Tax Rate	Real & Central Ass'd Taxes Charged	Personal Prop Taxes Charged	Taxes Charged	Treasurer's Relief		Total
				Unpaid Taxes	Abatements Other	
0.001936	4,119,007	280,976	4,399,983	294,824	23,828 (7,233)	311,419
0.007387	15,900,795	1,072,090	16,972,885	1,125,539	90,965 (26,893)	1,189,611
0.005508	832,057	14,088	846,145	138,169		113,761
0.003180	2,884,834	371,593	3,256,427	218,273	22,114 (18,001)	222,386
0.002102	183,384	2,041	185,425	8,597	2,840 (825)	10,612
0.000734	8,253	220	8,473	612	158 (54)	716
0.001258	19,121	217	19,338	940	278 (172)	1,046
0.001574	161,467	3,698	165,165	11,064	1,780 (1,510)	11,334
	4,089,116	391,857	4,480,973	377,655	27,170 (44,970)	359,855
0.000097	140,845	13,339	154,184	9,243	977 (112)	10,108
	24,249,763	1,758,262	26,008,025	1,807,261	142,940 (79,208)	1,870,993

<u>Taxes Collected</u>	<u>Rate</u>	<u>Fee in Lieu</u>	<u>Misc. Collection</u>	<u>Delinquencies</u>	
				<u>Tax</u>	<u>Interest, Penalty & Ref/Return</u>
<u>4,088,564</u>	<u>92.92</u>	<u>437,280</u>	<u>8,309</u>	<u>336,907</u>	<u>143,020</u>
<u>15,783,274</u>	<u>92.99</u>	<u>1,669,342</u>	<u>23,575</u>	<u>1,311,938</u>	<u>57,968</u>
732,384	86.56	11,316	1,091	67,584	2,115
3,034,041	93.17	410,864	3,518	246,671	9,662
174,813	94.28	48,141	(521)	13,374	390
7,757	91.55	2,824	49	534	10
18,292	94.59	5,223	186	994	49
153,831	93.14	33,938	919	13,580	584
<u>4,121,118</u>	<u>91.97</u>	<u>512,306</u>	<u>5,242</u>	<u>342,737</u>	<u>12,810</u>
<u>144,076</u>	<u>93.44</u>	<u>16,451</u>	<u>94</u>	<u>12,333</u>	<u>460</u>
<u>24,137,032</u>	<u>92.81</u>	<u>2,635,379</u>	<u>37,220</u>	<u>2,003,915</u>	<u>214,258</u>

COMPLIANCE SECTION

Wilson & Company

Certified Public Accountants / A Professional Corporation

IRON COUNTY, UTAH REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Board of
County Commissioners
Iron County
Parowan, Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of and for the year ended December 31, 2005, which collectively comprise Iron County, Utah's basic financial statements and have issued our report thereon dated January 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iron County, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Iron County, Utah in a separate letter dated January 31, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iron County, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

Iron County, Utah
Page 2

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Iron County, Utah in a separate letter dated January 31, 2007.

This report is intended solely for the information and use of the management of Iron County, Utah, and applicable federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these specified parties.


WILSON & COMPANY
Certified Public Accountants

Cedar City, Utah
January 3, 2007

Wilson & Company

Certified Public Accountants / A Professional Corporation

IRON COUNTY, UTAH AUDITOR'S REPORT ON COMPLIANCE WITH STATE FISCAL LAWS For the Year Ended December 31, 2005

The Honorable Board of County Commissioners
Iron County
Parowan, Utah

We have audited the general purpose financial statements of Iron County, Utah, for the year ended December 31, 2005 and have issued our report thereon dated January 3, 2007. As part of our audit, we have audited Iron County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

State Corrections Reimbursement
B Road Funds (Department of Transportation)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the Compliance manual for Audits of Local Governments in Utah including:

Public Debt	Transient Room Tax
Cash Management	Justice Courts
Purchasing Requirements	Special Districts
Budgetary Compliance	B & C Road Funds
Property Tax	Uniform Building Code Standards
Other Compliance Requirements	Statement of Taxes Charged, Collected And Disbursed
Liquor Law Enforcement	Assessing and Collecting
Impact Fees	

The management of Iron County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States.

IRON COUNTY, UTAH

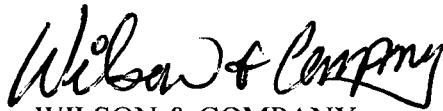
Page 2

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred.

An audit includes examining, on a test basis evidence about the County's compliance with the requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Iron County, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of service allowed and unallowed; eligibility; matching, level of effort, or earmarking; reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.



WILSON & COMPANY
Certified Public Accountants

Cedar City, Utah
January 3, 2007

Wilson & Company

Certified Public Accountants / A Professional Corporation

The Honorable Board of County Commissioners
Iron County
Parowan, Utah

We have completed our examination of the records of Iron County for the year ended December 31, 2005. As part of our engagement, we offer the following recommendations for strengthening internal accounting controls and improving accounting procedures.

In considering the findings and recommendations in this letter, it is important to recognize that a letter of this type is intended to be constructive in nature and its purpose is to point out areas for improvement. The absence of comment of a positive or complimentary nature is not intended to imply that the County operates in an inefficient or unsound manner.

Preparation of Financial Statements For Audit

The County has not prepared financial statements in a timely manner to allow for the completion of audit reports within the time limit allowed by Utah Law.

We believe this to be a serious problem and the County must address and resolve this issue immediately. Delays in future audits will cause the State Auditor's office to withhold the payment of amounts due to the County causing financial pressures and loss of interest earnings and could affect the ability of the County to bond in the future.

State Surcharge Collections

We noted during our audit that state surcharge collections were not always paid to the state by the tenth of the month following collection as required by Utah law.

We recommend that the monthly reports for the justice courts be processed in enough time to allow for the surcharge collections to be paid to the State by the tenth of the month following collection. Also, we recommend that the approval of this expenditure be expedited so that payment can be made to the State by the tenth of the month.

Special Service District

We noted during our audit that the Mountain View Special Service District continues to be active. The principal reason that the Mountain View Special Service District was created by the County was to issue bonds which have now been paid off. Further, we noted that this District operated at a loss for the year.

We recommend that the County dissolve the Mountain View Special Service District so that the District does not have to be reported as a component unit on the financial statements of the County.

Compensated Absences

We noted in our exam that the liability balance for compensated absences climbed to \$480,325.

We suggest the County examine this liability and consider taking steps to limit the County's exposure and prevent this amount from rising. Since the balance at the end of 2005 continues to represent a significant amount, the County should consider reserving funds to cover the liability by placing them in a separate PTIF account.

Petty Cash Accounts

During our exam we noted that a petty cash account of \$600 located in the Assessor's office is recorded on the general ledger but is actually \$50 and a petty cash account located in the Treasurer's office of \$200 is not recorded on the general ledger.

We suggest that both of these petty cash accounts be reviewed and corrected.

Inmate Trust Account

We noted that transactions in the Inmate Trust Account, as in the prior year, had not been recorded by the County. The County made no effort to monitor this account.

We recommend that the following procedures should be put into place concerning this account:

The Auditor's office should review on a monthly basis the transactions in this account and record them in the general ledger.

The monthly reconciliation of the account should be reviewed in detail by the Auditor's office including deposits and all disbursements.

Deposit slips should show the source of the deposit by name to facilitate tracking by inmate.

Inmate subsidiary accounts should be reconciled and agreed with the outstanding cash balance on a regular basis.

Following the above procedures will allow for the proper recording of all transactions and provide an internal audit of the account.

Commissary Activity

We noted that the activity in the commissary at the correctional facility is not monitored by the County.

We suggest that commissary activity and inventory should be reviewed on a regular basis by the Auditor's office to insure that controls are working, revenue is being properly recorded, and that the inventory balance is reasonable and secure.

County Offices - Daily Depositing

We again noted in our exam that the Recorder's office only makes a deposit once per week. In addition, some other offices do not deposit daily as required by law.

We suggest that all County offices be instructed to follow state law and deposit daily. Depositing once per week is not acceptable accounting practice and should be corrected immediately.

Payments Sent Directly to the Jail

We noted that despite efforts to change, that some payments from outside parties are still being sent directly to the jail.

We suggest that all agencies be again notified that payments are not to be sent directly to the jail. All payments must come to the Auditor's office.

In addition, the Auditor's office should be sent a copy of the billings to outside agencies in order to allow the Auditor to match this information to actual receipts.

Closure and Post Closure Costs

We noted that the County has not allocated on a separate basis any funds to be used for future landfill closure and post closure costs.

We suggest that the County allocate yearly to a separate PTIF account funds to be reserved for the payment of future closure and post closure costs.

US Bank Trust Account

We noted that the US Bank Trust account established for the construction of the jail and ambulance buildings still remains open with a balance of \$114,507 as of year end. In addition, some PTIF accounts could also be closed.

We suggest again that since these projects are completed, that a final request be made for the remaining funds to be transferred to the County general account and that this trust account be closed as well as any non necessary PTIF accounts.

Fixed Asset Accounting and Management

We noted during our audit that the County's fixed asset management system had not been updated since the prior accounting year and required significant adjustment to provide the required information for the audit. This condition required significant time delays in producing the fixed asset information required by GASB Statement Number 34. Part of this situation is related to limitations of the Caselle fixed asset management software used to process the County's fixed assets.

We recommend that the County devote the required time and clerical effort monthly to keep the fixed asset system updated to meet the requirements of GASB Statement Number 34. This includes the periodic measurement and reporting of the County's infrastructure assets.

Negative Fund Balances

We noted in our exam that the Iron County Office Building Fund, the Fairgrounds Fund, the Group Insurance Fund, the Fire Station Fund, and the UHP Building Fund all had negative fund balances at year end in violation of the Utah Code.

We suggest that the County immediately take steps to eliminate all negative fund balances and comply with Utah Law. We suggest that this problem could be eliminated in the future with closer monitoring and timely preparation of the financial statements.

Net Operating Losses

We noted that the Ambulance Fund and the Group Insurance Fund incurred net operating losses and the Group Insurance Fund incurred a loss after transfers in.

We suggest that the County must take steps to eliminate these losses by making transfers in a timely manner to these funds, reducing expenses, or both.

NSF Checks

We noted during the exam that the County still has a problem with NSF checks which result mainly from the payment of fines.

We suggest that the County could eliminate this problem by only accepting credit cards, money orders, or cash for the payment of fines.

State Compliance-Expenditures in Excess of Budget

As a result of our examination, we noted that the Public Health, Parks and Recreation, Community and Economic Development, and Transfers Out categories exceeded the approved budget in violation of Utah Law.

The County must monitor closely its expenditures and prevent expending amounts in excess of the approved budget. We suggest this problem could be prevented by having accurate and timely financial statements.

Outstanding Checks

We noted in our exam several very old outstanding checks being carried on the reconciliation of the County's general checking account.

We suggest the County void these old outstanding checks and remove them from the reconciliation.

Uncollectible Returned Checks

We noted in the exam that there are several returned checks on the Returned Check Clearing reconciliation that appear to be uncollectible.

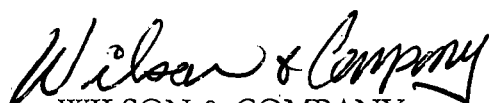
The County should review all uncollected NSF checks and either pursue legal action or, if necessary, present a list to the County Commission for approval to write them off.

Iron County SSD#3:

We noted during our audit that mineral lease funds required to be remitted to the Iron County SSD#3 were not transmitted to the SSD#3 in a timely manner. This occurred because the County was required by the State Auditor's office to withhold the payment of funds to the District for failure to file timely reports.

We recommend that the County work with the District to complete and file all required reports with the State so that the County may release the funds being held for the SSD#3.

We appreciate the opportunity to serve the County as independent auditors, and would like to thank both elected officials and County employees for being so helpful during our examination. If we can be of further service or if additional information is required as to items covered in this letter, we would be pleased to meet with you.



WILSON & COMPANY
Certified Public Accountants
January 31, 2007



IRON COUNTY

68 South 100 East • Parowan, Utah 84761 • Phone (435) 477-8300 • Fax (435) 477-8847

Commissioners

Wayne A. Smith

Lois L. Bulloch

Alma L. Adams

Clerk • David I. Yardley

Treasurer • Geraldine S. Norwood

Recorder • Patsy T. Cutler

Assessor • Dennis W. Ayers

Auditor • H. Eugene Adams

Attorney • Scott F. Garrett

Sheriff • Mark O. Gower

February 8, 2007

Utah State Auditor
Salt Lake City, Utah

I have reviewed the recommendations as submitted to the Iron County Commission by Wilson and Company, independent auditors, pertaining to their findings for the audit period ending December 31, 2005, and issue my responses for your review.

Preparation of Financial Statements for Audit

Audit: Financial Statements have not been prepared in a timely manner to allow for the completion of audit reports within the time limit allowed by Utah Law.

Response: As newly elected County Auditor I feel that this is a serious problem and must be given priority to resolve. We will begin immediately to work on the current financial statements to ensure that this will not happen in the future.

State Surcharge Collections

Audit: We noted during our audit that state surcharge collections were not always paid to the state by the tenth of the month following collection as required by Utah law.

Response: We will continue to insist that the Justice Court submit their monthly reports to the Auditor's office in a timely manner to allow payments to be made on time. However, because of the heavy work load, particularly in the Cedar Justice Court, it is difficult to process the report on time. We will work with the Justice Center in the future to see if we can speed up the processing and approval of this expenditure.

Special Service District

Audit: We noted during our audit that the Mountain View Special Service District continues to be active. The principal reason that the Mountain View Special Service District was created by the County was to issue bonds which have now been paid off. Further, we noted that this District operated at a loss for the year.

Response: The County Commission recognizes the need to close this fund and transfer the assets in this fund to an appropriate entity.

Compensated Absences

Audit: We noted in our exam that the liability balance for compensated absences climbed to \$480,325.

Response: The County Commission should consider funding this liability in a trust account. These funds would then be available for future use if needed. As noted by the auditors, there are some PTIF accounts with open balances which should be closed. Perhaps these funds could be used in an account for this purpose.

Petty Cash Accounts

Audit: During our exam we noted that a petty cash account of \$600 located in the Assessor's office is recorded on the general ledger but is actually \$50 and a petty cash account located in the Treasurer's office of \$200 is not recorded on the general ledger.

Response: We will review both these accounts and adjust the balances as needed.

Inmate Trust Account

Audit: We noted that transactions in the Inmate Trust Account had not been previously recorded by the County. The County made no effort to monitor this account.

Response: We will review activity in the Inmate Trust Account on a monthly basis and record it in the general ledger.

Commissary Activity

Audit: We noted that the activity in the commissary at the correctional facility has not been monitored by the County in the past.

Response: We will monitor activity in the commissary to insure that controls are in place and are working properly.

County Offices – Daily Depositing

Audit: We noted in our exam that the Recorder's office only makes a deposit once per week. In addition, some other offices do not deposit daily as required by law.

Response: We will instruct each office to deposit funds daily, or within 3 days as required by law.

Payments Sent Directly to the Jail

Audit: We noted that some payments from outside parties are still being sent directly to the jail.

Response: We will again notify all agencies that send payments to the jail to correct their Procedures and begin sending payments to the Auditors office.

Closure and Post Closure Costs

Audit: We noted that the County has not allocated on a separate basis any funds to be used for future landfill closure and post closure costs.

Response: We will set up a separate PTIF account and deposit reserve funds to this account.

US Bank Trust Account

Audit: We noted that the US Bank Trust account established for the construction of the jail and ambulance buildings still remains open with a balance of \$114,507 as of year end. In addition, some PTIF accounts could also be closed.

Response: We will close these accounts and as mentioned previously work to set up a fund for compensated absences

Fixed Asset Accounting and Management

Audit: We noted during our audit that the County's fixed asset management system had not been updated since the prior accounting year.

Response: We have implemented procedures that should address the problems associated with fixed asset management. We should have all major assets on our new fixed asset module with Incode in 2006 and then work to balance the fixed assets monthly in the future.

Negative Fund Balances

Audit: We noted in our exam that the Iron County Office Building Fund, the Fairgrounds Fund, the Group Insurance Fund, the Fire Station Fund, and the UHP Building Fund all had negative fund balances at year end in violation of the Utah Code.

Response: We will look into this situation and do what is necessary to eliminate each of these negative fund balances.

Net Operating Losses

Audit: We noted that the Ambulance Fund and the Group Insurance Fund incurred net operating losses and the Group Insurance Fund incurred a loss after transfers in.

Response: We will look at these funds toward year end to avoid this problem and eliminate these losses by giving us time to complete any transfers of money needed.

NSF Checks

Audit: We noted during the exam that the County still has a problem with NSF checks which result mainly from the payment of fines.

Response: The County has installed credit card machines in the Justice Court offices and the Treasurer's office and is working on not accepting any checks at the Justice Court in order to alleviate this problem.

State Compliance-Expenditures in Excess of Budget

Audit: As a result of our examination, we noted that the Public Health, Parks and Recreation, Community and Economic Development, and Transfers Out categories exceeded the approved budget in violation of Utah Law.

Response: In the future we will look at each area on a monthly basis to insure that they are within the budgeted amount or the proper transfers have been made.

Outstanding Checks

Audit: We noted in our exam several very old outstanding checks being carried on the reconciliation of the County's general checking account.

Response: We will check on any old outstanding checks and void them or reissue them as necessary in order to get them off the bank reconciliation.

Uncollectible Returned Checks

Audit: We noted in the exam that there are several returned checks on the Returned Check Clearing reconciliation that appear to be uncollectible.

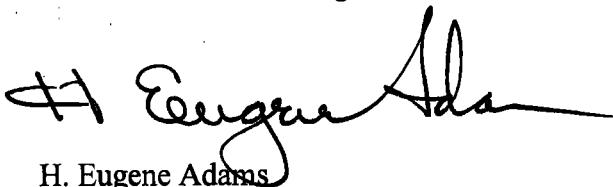
Response: We will review all old returned checks and determine if we should pursue legal action against the check writer or present a list to the County Commission for approval to write them off.

Iron County SSD#3

Audit: We noted during our audit that mineral lease funds required to be remitted to the Iron County SSD#3 were not transmitted to the SSD#3 in a timely manner. This occurred because the County was required by the State Auditor's office to withhold the payment of funds to the District for failure to file timely reports.

Response: We will contract the SSD#3 to see what help we can give them to assist them in filing their reports in a timely manner to in order for the funds to be released.

As newly elected Iron County Auditor I, along with each of the employees in the auditors' office appreciate the constructive nature of the independent auditors' findings and each of their recommendations. We will work to eliminate these problems in the future and continue to strive for excellence in serving the citizens of Iron County.

A handwritten signature in black ink, appearing to read "H. Eugene Adams". The signature is fluid and cursive, with a large initial "H" and a long, sweeping underline.

H. Eugene Adams
Iron County Auditor